

Message Text

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C O N F I D E N T I A L MOSCOW 14802

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, UR, US

SUBJECT: CALL ON SECRETARY BY DEPUTY FOREIGN TRADE MINISTER ALKHIMOV

1. JOHN T. CONNOR, JR., SENIOR VICE PRESIDENT OF US-USSR
TRADE AND ECONOMIC COUNCIL, CALLED ON AMBASSADOR OCTOBER 15 TO
URGE EMBASSY ASSISTANCE IN PROCURING LETTER FROM US GOVERNMENT
IDENTIFYING SOVIET PROJECTS IN WHICH AMERICAN FIRMS WISH TO
PARTICIPATE. REFERRING TO CONVERSATION BETWEEN SECRETARY
AND ALKHIMOV DURING LATTER'S RECENT WASHINGTON VISIT,
CONNOR CLAIMED AGREEMENT WAS REACHED THAT SUCH A LETTER
WOULD BE ARRANGED.

2. ACCORDING TO CONNOR, WHAT ALKHIMOV WANTS IS LETTER
SIMILAR TO JUNE 1, 1973 LETTER ADDRESSED FROM COMMERCE
SECRETARY DENT TO ALKHIMOV WHICH NOTED, INTER ALIA, THAT QTE
THE DEPARTMENT OF COMMERCE INFORMS YOU THAT THE US GOVERNMENT
SEES NO IMPEDIMENT TO THE AGREEMENT CONCLUDED BETWEEN
THE MINISTRY OF FOREIGN TRADE OF THE USSR AND THE
OCCIDENTAL PETROLEUM CORPORATION ON APRIL 12, 1973
UNQTE.

3. LETTER NOW UNDER CONSIDERATION WOULD PRESUMABLY
CONVEY ASSURANCES THAT USG TAKES SIMILAR VIEW TOWARD
DISCUSSIONS BETWEEN US FIRMS AND SOVIETS FOR THREE
JOINT PROJECTS: (1) CASPIAN IRON/STEEL PROJECT WITH
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ARMCO STEEL PARTICIPATION; (2) ALUMINUM/ALUMINA PROJECT

WITH ALCOA; AND (3) YENISEYSK PULP/PAPER PROJECT WITH INTERNATIONAL PAPER. BECAUSE GENERAL AGREEMENTS ON THESE ENTERPRISES HAVE NOT YET BEEN CONCLUDED WITH INTERESTED AMERICAN COMPANIES, SOVIETS WOULD LIKE RELEVANT WORDING OF REQUESTED LETTER TO INDICATE THAT USG QTE FAVORS PARTICIPATION UNQTE, IDENTIFYING FIRMS AND PROJECTS BY NAME.

4. WHILE TO BEST OF EMBASSY'S KNOWLEDGE THERE IS NO US COMPETITION TO ARMCO AND INTERNATIONAL PAPER FOR PROJECTS IN QUESTION, BOTH KAISER AND ALCOA HAVE BEEN TALKING WITH SOVIETS ON ALUMINA/ALUMINUM PROJECT, AS HAS FRENCH FIRM PECHENEY-UGINES-KUHLMANN. THIS LATTER CIRCUMSTANCES WOULD SEEM TO COMPLICATE FULFILLMENT OF AKHIMOV'S REQUEST UNTIL SUCH TIME AS KAISER RENOUNCES INTEREST.

5. IT APPEARS LIKELY TO US THAT ALTHOUGH ALKHIMOV MAY HONESTLY REQUIRE WRITTEN USG APPROVAL FOR THESE PROJECTS IN ORDER TO MOVE PROJECTS EXPEDITIOUSLY THROUGH SOVIET BUREAUCRACY, HE AND HIS FOREIGN TRADE MINISTRY COLLEAGUES MAY ALSO SEE THE PROPOSED LETTERS AS MEANS OF PRESSURING COMPANIES INTO LESS HARD-NOSED ATTITUDES DURING NEGOTIATIONS FOR GENERAL AGREEMENTS AND EVENTUALLY SALES/PURCHASES/ENGINEERING/CONSTRUCTION CONTRACTS.

6. PLEASE ADVISE.
STOESSEL

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